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RUEHIT/AMCONSUL ISTANBUL 3472
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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000664

SIPDIS

STATE FOR SCA/CEN, EEB
USTR FOR LILIENFELD

E.O. 12958: DECL: 05/28/2019

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TIFA, TX, AF, ZK

SUBJECT: TURKMENISTAN: DAUSTR LILIENFELD DISCUSSES TIFA
WITH MINISTRIES OF ECONOMY AND FINANCE

Classified By: Charge Richard Miles for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: Deputy Assistant U.S. Trade Representative for South and Central Asia, Claudio Lilienfeld, visited Turkmenistan as part of a five-country tour through Central Asia to discuss the future of TIFA -- the U.S. Government's Trade and Investment Framework Agreement with the five Central Asian Republics. The Ministers of Finance and Economy expressed their willingness to support any TIFA-related initiative. While neither of these meetings was very substantive, both provided information that may be helpful in future bilateral and regional cooperation. END SUMMARY.

¶2. (C) Deputy Assistant U.S. Trade Representative for South and Central Asia (DAUSTR) Claudio Lilienfeld visited Turkmenistan as part of a five-country tour through Central Asia to discuss the future of TIFA, the U.S. Government's Trade and Investment Framework Agreement with the five Central Asian Republics, and to discuss the prospects for more bilateral engagement on trade and investment and increased intra-regional trade with Afghanistan. Official meetings in Ashgabat were held with the Minister of Finance, the Minister of Economy and Development, the Minister of Trade and Foreign Economic Relations, the Central Bank Chairman, the Chairman of the Institute of Strategic Planning and Economic Development and the Chairman of the Union of Entrepreneurs and Industrialists.

¶3. (C) The Minister of Finance, Annamuhamemet Gochiyev, expressed his Ministry's readiness to discuss all issues related to TIFA and bilateral trade and mentioned Turkmenistan's active participation in all previous meetings. Turkmenistan is working on economic reforms of pensions, education, administration, infrastructure and finance. Investment in the economy is increasing. He said progress in these areas has led to economic development and tax revenues, and an overall increase in the budget. Following recent increases in the state budget, Gochiyev said, Turkmenistan created a Stabilization Fund which constitutes 15 percent of the GDP.

¶4. (C) The Minister spoke about the government's current investment projects, including the massive Avaza Tourism

Zone, as well as transportation, gasification, and communications infrastructure in the regions. Galina Romanova, the Ministry of Finance's Institutional Liaison, described a number of the Ministry's projects in education, legislation development, finance, budget and tax reforms and the environment and ecology with outside institutions, primarily the European Community. The European Bank for Reconstruction and Development works with the private sector primarily in the area of microfinance, and is currently working on microcredit agreements with Senagat and Karakum Banks.

15. (C) In response to a request from Lilienfeld about the possibility of Turkmenistan joining the Asian Development Bank, the Central Asian Regional Economic Cooperation (CAREC) program, the Finance Minister replied that the government must approve Turkmenistan's participation. (NOTE: "The government" means the President. Turkmenistan is the only one of the five Central Asian states that is not yet a part of CAREC. END NOTE.) The Minister also wondered if TIFA could or would help to bring increased U.S. investment in the transportation sector.

16. (C) The Minister said that Turkmenistan has increased its cooperation in Afghanistan. Turkmenistan provides electricity to Afghanistan at a low cost, and also provides humanitarian assistance, including food and clothing. Additionally, the Minister said that Turkmenistan is helping to rebuild a railroad line. Turkmenistan also plans to construct a power plant -- in Turkmenistan -- that will provide electricity to Afghanistan, and has built a hospital

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and school in northern Afghanistan. Finally, the Minister mentioned the proposed 1,690 kilometer Turkmenistan-Afghanistan-Pakistan-India pipeline (TAPI), and welcomed U.S. investment in this project.

17. (C) Minister of Economy and Development Bashimmurat Hojamammedov said that foreign trade in 2008 was 17.6 billion USD, a 32 percent increase over 2007. Turkmenistan exports equaled 12 billion USD, a 33 percent increase over 2007. Trade turnover between the U.S. and Turkmenistan reached 140 million USD. Turkmenistan exports oil and gas, textiles, light industrial products and chemical products to the U.S. Imports from the U.S. include metal products, electrical equipment, and home appliances, along with agricultural equipment and commercial aircraft. There are 65 U.S.-based entities registered and 104 projects worth 1.538 billion USD in which U.S. firms have a role, including oil, gas, transport, energy, agriculture, communications, food, power and private enterprises in Turkmenistan.

18. (C) The Minister mentioned that President Berdimuhamedov has emphasized the importance of increased cooperation with different countries, and that he is interested in attracting more foreign investment. He offered that the TIFA might assist in Turkmenistan's corn production, or soil enhancement that would make olive production possible. The Minister concluded by saying that Turkmenistan offers a favorable investment climate, a supportive legislative environment, and a number of areas where U.S. companies could invest.

19. (C) COMMENT: Both Ministers were reasonably forthcoming and both recited economic statistics from what appeared to be the same report or presentation. While there may be a receptivity to a bilateral dialogue to explore potential opportunities -- including eventual increased U.S. investment in Turkmenistan -- the concept of regional initiatives such as those that can or could fall under the umbrella of the TIFA elicited little interest. END COMMENT.

110. (U) DAUSTR Lilienfeld cleared this cable.
MILES